
REPORT HIGHLIGHTS

Report 2003-6

OFFICE OF CITY AUDITOR — SEATTLE

February 28, 2003

The following text summarizes the Office of City Auditor's 2002 Annual Report. The complete annual report can be obtained at the Auditor's Web site: <http://seattle.gov/audit> or by calling (206) 233-3801. Please direct any questions or comments regarding this report, or suggestions for future audits to Susan Cohen, Seattle City Auditor, at (206) 233-3801 or susan.cohen@seattle.gov.

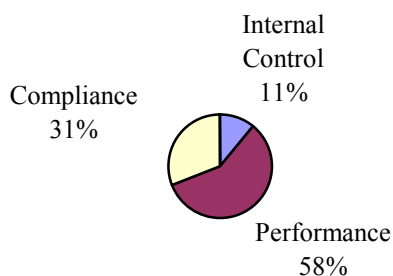
OFFICE OF CITY AUDITOR 2002 ANNUAL REPORT

WHO WE ARE

The Office of City Auditor is Seattle's independent, internal audit function, established by the City Charter to help achieve honest, efficient management and full accountability throughout City government. It serves the public interest by providing the Mayor, City Council, and City managers with accurate information, unbiased analysis, and objective recommendations on how best to use public resources to benefit Seattle's citizens.

The Office of City Auditor conducts performance, compliance, and internal control audits of City programs and operations. In 2002, the Office focused significant resources on performance audits, as shown below.

Allocation of Staff Resources in 2002



Many of our audits are performed in response to specific concerns or requests from the Mayor, City Councilmembers, or department managers. The City Auditor also independently initiates reviews to fulfill the Office's mission. Questions frequently addressed include:

- Are City programs implemented in compliance with applicable laws and regulations, and is accurate program data provided to the Mayor and City Council?
- Do opportunities exist to eliminate inefficient use of public funds and potential waste?
- Are public funds accounted for adequately?

- Are programs achieving the desired results?
- Can program objectives be achieved more economically or can the quality of service be improved without increasing costs?

PERFORMANCE AUDITS

A performance audit is an independent and systematic examination of an organization, program, or function to evaluate its efficiency and effectiveness.

In 2002, we completed seven performance audits, including a consultant-assisted evaluation of Seattle City Light that contained many recommendations

implemented by the City Council and the utility. Our 2002 City performance reviews also included audits of the Department of Design, Construction and Land Use and the Department of Parks and Recreation; a review of Seattle City Light teambuilding practices; two Citywide assessments; and a construction audit of the Central Library project (see photograph). These audits, conducted at Council request, also offered recommendations to improve City operations.



COMPLIANCE AUDITS

Compliance audits determine whether City operations adhere to established laws, policies, or procedures. In 2002, we conducted four compliance audits at the request of the City Council and two at the request of City departments. These included reviews of the administration of Seattle's Community Development Block Grant (CDBG); consultant contracts; City executive leave policies; AT&T's compliance with the Cable Customer Bill of Rights; the Seattle City Light Customer Credit Program for the California Energy

Commission; and the Seattle Chinatown International District Preservation and Development Authority. These audits offered numerous suggestions to strengthen City management of CDBG-funded activities and consultant contracts and to increase private and public corporations' compliance with City laws and bond agreements.

INTERNAL CONTROL AUDITS

Our internal control reviews focus on City processes established to protect public assets, ensure accuracy in reporting, promote operational efficiency, and encourage



adherence to City policies. We published five internal control reports in 2002: two cash-handling reviews at City pools and at disposal stations, an evaluation of a newly reorganized City Light Accounts Payable and Procurement Unit, and two reports related to

the Department of Executive Administration/Treasury's management of Business Improvement Area accounts, including ratepayer accounts for the Chinatown-International District Business Improvement Area (see photograph).

OFFICE OF CITY AUDITOR 2002 REPORTS

PERFORMANCE AUDITS

- *Review of Seattle City Light*—Evaluated the utility's debt, financial, and risk management practices.
- *Managing Seattle's Land Use Code Amendment Process*—Examined management systems and processes for amending the City Land Use Code.
- *Athletic Field Scheduling Review* and *Athletic Field Capacity Analysis*—Reviewed athletic field scheduling and factors considered in allocating fields (see photograph at right).
- *Mitigating the Effects of City Workforce Reductions*—Explored transition benefits for City employees at risk of layoff.
- *Seattle City Light Teambuilding*—Examined agency teambuilding and timekeeping practices.
- *Personnel Satisfaction Assessment*—Evaluated eight City departments' satisfaction with Personnel Department functions and services.
- *Libraries for All Quality Assurance Review #4*—Reviewed the status of the new Central Library project's scope, schedule, and budget.

COMPLIANCE AUDITS

- *Administration of Seattle's Community Development Block Grant (CDBG)*—Focused on the allocation and administration of CDBG funds.
- *Administration of City Consultant Contracts*—Determined whether City departments adhered to contract management policies and procedures.
- *Seattle Chinatown International District Preservation and Development Authority Compliance Review*—Evaluated agency compliance with its City charter.
- *AT&T Broadband and Internet Services' Compliance with the Cable Customer Bill of Rights*—Reexamined concerns identified during a 1999 compliance audit.
- *Memorandum Regarding City Executive Leave Policies*—Provided information on the City's executive and merit leave policies and record keeping.
- *Customer Credit Programs for the California Energy Commission*—Verified City Light's compliance with the California Energy Commission's Renewable Energy Customer Credit Program requirements.

INTERNAL CONTROL REVIEWS

- *Chinatown-International District Business Improvement Area*—Identified concerns related to assessments and billings.
- *Treasury's Management of Business Improvement Area Accounts*—Examined the City's management of Business Improvement Area accounts.
- *Aquatics Program's Cash-Handling Operations*—Reviewed internal controls at City pools.
- *Review of Seattle Public Utilities North and South Recycling and Disposal Stations' Cash-Handling Practices*—Evaluated cash handling processes at two recycling and disposal stations.
- *Seattle City Light's Finance Division Reorganization*—Assessed controls for City Light's new Accounts Payable and Procurement Unit.

